

Inner Melbourne Action Plan**Briefing Paper****Action 5.2 Affordable Housing - Overlay (Inclusionary Zoning) Proposal**

Purpose

1. To update the Committee and agree a strategy to further progress the proposal for an Affordable Housing Overlay with the State Government.

Background

2. The development of a model Affordable Housing Overlay for application through the Victorian planning system is a key IMAP initiative (Action 5.2) which seeks to identify new funding sources and build the capacity of housing associations, to increase the supply of affordable housing across the region.
3. This initiative, lead by City of Port Phillip, has been progressed through three working groups (Housing Needs and Targets, Planning Mechanisms and Delivery Mechanisms) with representation across the 4 IMAP Councils, Department of Planning and Community Development (DPCD), Department Human Services (DHS) and Office of Housing (OoH).
4. Key outcomes of the project to date are:
 - a) The development of a Model Planning Overlay, informed by work undertaken by SGS Economics and Planning.
 - b) A report by Biruu Australia providing a peer review of the SGS modelling and investigating the economic impact of an Affordable Housing Overlay on development activity, with this anticipated to be a key issue for State Government. The findings (outlined in Part C of Attachment 1) confirmed the fundamentals of the modelling, fine tuned it and suggest no material economic impact.
 - c) Establishment of the Inner Melbourne Affordable Housing Needs Website in February 2008 (funded by a \$100,000 DVC grant) as an interactive database to inform the identification of housing needs and targets under the Overlay, in addition to wider application by other user groups (Weblink www.imrhai.com.au). The website has now been expanded due to strong interest from other councils across Melbourne (11 to date) and has become the main affordable housing data and indicator resource for Melbourne. This is consistent with the objective for the website to be replicatable across Melbourne which was an original grant condition from DVC.
5. This work culminated in the IMAP Committee (March 2008) adopting a set of 10 Principles to guide negotiations with the State Government, aimed at the establishment of the regional based overlay (refer Part A attachment 1). These negotiations have involved:
 - a) Correspondence to Ministers Madden and Wynne outlining the proposal and seeking further, joint investigation with the State Government under a Business Case or other arrangement.
 - b) A subsequent deputation, which briefed Ministers Madden and Wynne on the proposal at Parliament House.
 - c) Further information to both Ministers responding to concerns raised about the proposal and again seeking only to undertake further, joint investigation.
6. In January 2009 Minister Madden, on behalf of both Ministers, provided a formal letter of response on the proposal. This brief letter included the statement that *'The Government is considering a range of policy options to stimulate the production of affordable housing. I would like to thank you once again for your detailed proposal which will be considered in the light of the options being considered.'*
7. On 26 March 2009 the IMAP Senior Executives Forum resolved to pursue the following 'two pronged' strategy:
 - a) Continue to advocate to the State Government (both Ministers and DPCD / OoH officers) to establish the Overlay as part of the Victorian Planning Provisions.

- b) Develop a site specific approach using IMAP Principles, eg. as a Development Plan Overlay using the VPPs. The approach did not get support Government support in relation to a large development site in the City of Yarra (AMCOR site).
- 8. A meeting with the officers from DPCD and DHS /OoH was held earlier this month to clarify the current position of the State Government in relation to the proposed Overlay. In summary the advice was that the Affordable Housing Overlay proposed by IMAP Councils is being considered as part of the development by the Department of Premier & Cabinet of the *Victorian Integrated Housing Strategy*, due for release late this year. The Overlay is one of numerous initiatives being considered to increase the supply of affordable housing and 'could' be reflected in the final Strategy.
- 9. A window of opportunity exists over the next few months to continue to promote this as a appropriate mechanism to increase the supply of social / affordable housing in the inner region and other established areas of Melbourne.

Discussion

- 10. The following Advocacy Strategy is proposed:

Correspond with:

- a) The Victorian Premier, John Brumby (with notification to key advisors and bureaucrats involved with the forthcoming *Victorian Integrated Housing Strategy*) seeking the incorporation of planning mechanisms for affordable housing, such as inclusionary zoning, into the Strategy (refer attached DRAFT).
- b) The Commonwealth Minister for Housing, Tanya Plibersek (with notification to key advisors and officers in the Department of FAHCSIA) seeking the broad encouragement of State Governments to enable planning mechanisms for affordable housing, such as inclusionary zoning, into the next version of the *National Affordable Housing Agreement* or NAHA (NB: the current NAHA only refers to 'Planning reform for the greater efficiency in the supply of housing') (refer attached DRAFT)
- c) Copying the letters to the Planning Minister, Justin Madden and the Minister for Housing, Richard Wynne.

Other arrangements:

- d) Seeking to arrange a meeting of individual developers who conditionally accept inclusionary zoning with the Planning and Housing Ministers (including some of who attended a preliminary consultation on the proposed Overlay in 2007). This is considered to be a useful strategy by members of the working groups.

Emphasising the following Key Messages:

- The Victorian Integrated Housing Strategy must identify affordable housing solutions that are appropriate for the inner / established areas of Melbourne.
- An increase in the supply of affordable / social housing is essential to maintain current (proportionate) levels, in the context of significant housing growth projected across the inner region.
- Solutions must provide the opportunity to target affordable housing to achieve social diversity objectives (eg key worker housing).
- The Affordable Housing Overlay Model developed by IMAP Councils offers an appropriate tool which:
 - Can be simply and equitably applied (akin to existing open space contributions)
 - Can deliver desired levels of affordable housing without material impacts on development or distortion of the property market
 - Uses Housing Associations to deliver / manage - consistent with State policy

Recommendation

- 11. That the IMAP Implementation Committee resolves to:

- (a) **Support** the proposed Advocacy Strategy of suggested correspondence and key messages.
- (b) **Support** the initiation of the proposed meeting of developers and Ministers.